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**NEW MEXICO
ENVIRONMENT DEPARTMENT**

Ground Water Quality Bureau

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F. DAVID MARTIN
Secretary

RAJ SOLOMON
Deputy Secretary

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

March 29, 2011

Mr. Timothy E. Eastep, Manager
Environment, Land & Water Department
Chino Mines Company
Freeport-McMoRan Copper & Gold
P.O. Box 10
Bayard, New Mexico 88023

RE: Request Characterization of Railroad Track Ballast and Supporting Structures
Hanover and Whitewater Creeks Investigation Unit (H/WCIU)
Chino Administrative Order on Consent (AOC)

Dear Mr. Eastep:

The Ground Water Quality Bureau of the New Mexico Environment Department (NMED) has discussed with Chino numerous times that potential surface and ground water contamination may be ongoing due to the erosion of poor quality railroad track ballast and supporting structures existing along Hanover Creek from Vanadium to the Cobre Mine. The ballast and structures appear to be tailing and waste rock with high pyritic composition, as seen in the enclosed photos.

NMED requests that Chino provide a characterization study of the ballast and structural material. The results will be used to determine if remediation is necessary. This requirement is necessary before the H/WCIU Feasibility Study can be submitted or approved.

Chino personnel have stated that the railroad track must be replaced before it is safe for future operation and that plans are being considered for replacement of the track. NMED feels that this is an opportune time for remediation that should not be missed. NMED anticipates that any private property owners or Right-of-Way lien holders would cooperate by allowing access in any remedial effort to improve water quality in the area.

Please submit a Work Plan for the characterization by June 30, 2011.

If you have any questions, please contact me at (575) 388-1934.

Sincerely,

A handwritten signature in cursive script, appearing to read "Phil Harrigan".

Phil Harrigan, Chino AOC Project Manager
Mining Environmental Compliance Section
Ground Water Quality Bureau
New Mexico Environment Department
Silver City Field Office

Enclosure: photo page

cc: Mary Ann Menetrey, NMED
Jerry Schoeppner, NMED
Mark Purcell, USEPA
John Etheridge, Southwestern Railroad Inc.
Dave Durbano, The Western Group
Kurt Vollbrecht, NMED
Larry Shore, NMED

